

**NATIONAL PROFESSIONAL  
ASSOCIATION OF  
CONDOMINIUM AND  
PROPERTY MANAGEMENT  
ENTERPRISES (TIVOSZ)**

**BUSINESS DOCUMENTS AND  
PROMOTIONAL MATERIALS**

Prepared for



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Project 180-0034

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(TIVOSZ)



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## TABLE OF CONTENTS

### *BUSINESS DOCUMENTS*

The Mid-Term Business Plan for TIVOSZ, 1998-2000 .....	1
Articles of Association .....	17
Code of Ethics .....	29

### *PROMOTIONAL MATERIALS*

Informational Leaflet .....	33
Bulletin: Inaugural Announcement .....	37
Bulletin: TIVOSZ, 2/1998 .....	47
Attachment: Promotional Materials (Hungarian Version) .....	65



## THE MID-TERM BUSINESS PLAN FOR TIVOSZ

1998-2000

### PREAMBLE

TIVOSZ's goal is to become the professional center of Hungarian property management in the next three years. As its membership significantly increases, its organizational framework will be developed to establish it as an authentic professional organization in the eyes of both the profession and the public. The organization will provide a framework for all practicing and interested professionals to make valuable achievements and contributions.

### *History and the Present Situation*

Based on the resolutions made at the founding meeting of the Association on 30 October 1997, the Association organized its first informative event necessary to present itself to the public, under the title "Property Management 1998: Conference" on 22 January 1998.

The conference was highly successful. There were 170 participants from 23 cities from Szombathely to Nyíregyháza and from Salgótarján to Szigetvár.

One of the most important lessons learned from the conference was that professionals are very eager to receive information directly from the representatives of state administration, legislation and legal practice and they are also eager to voice their own opinions, doubts and achievements. The presenters as well were ready to listen to information which is available only from practicing professionals.

The second lesson to learn from the sections of the conference is that it took a relatively long time to harmonize the concepts in the different sections as everyone—relying on their own experience—filled the generally used concepts with a different content.

The third lesson is that the Association badly needs an independent head of the office, a suitably equipped office, a regular newsletter, and regular monthly events for the members and discussions (forums), in order to perform its functions.

On the basis of the experience gained at the conference, the presidium made a

proposal to the membership to form the image of the Association and to define it within the framework of a three-year strategic plan. The general assembly of the Association approved the plan.

## **STRATEGIC ITEMS**

- Expanding the organization, recruitment of new members
- Establishing training and qualifications
- Establishing the scope of services and its continuous maintenance and expansion
- Participating in the legislative and state administration regulatory procedures affecting the profession and representing the interests of the profession on a wide scale
- Establishing a working relationship and cooperation with the related Hungarian and international organizations

## **TASKS**

The tasks are expounded in detail in relation to the specific strategic goals.

### ***Expanding the Organization***

- Creating the dynamism of the organization

- Participation of the members and incentives for them to take part in finding solutions for the specific tasks – forming teams

- Formulating the by-law

- Creating the infrastructure

- Setting up an independent office with the equipment suitable and necessary for the performance of the tasks

- Hiring an independent head of the office and formulating his/her job description

- Keeping a record of the members, accountancy, documentation

- Liaison with the members, visits by member organizations to other member organizations in different regions in order to exchange experience and provide a continuous flow of information

- Concluding a professional liability insurance for the members



### ***Recruitment of Members***

At events

Recruitment of new members and regional organization of the members nationwide in the form of presentations

Through wide circulation of the newsletter—sending it free to non-member organizations

Through being present regularly in the electronic and written press

### ***Training and Qualifications***

Preparing the training material and creating a system of requirements in conformity with the legal material for professional training, which is under preparation, and with the national system of examinations

Establishing the content of a certificate and the ways to achieve it to be issued by the Association, related to the system of professional examinations

Organizing and arranging professional trainings

Organizing study trips in Hungary and abroad

### ***Setting Up and Operating an Information System***

Monitoring and interpreting the new legislation concerning the profession

Finding new sources and new opportunities for application and ensuring access to them

Collecting and classifying economic and technical information

Publishing a newsletter, having a website on the Internet

Operating a customer service

### ***Events***

Property management 1998 (an annual event with a comprehensive character)

Organizing consultations and a team on the issues which generated the most interest in the sections of the annual conference

Interpreting the Law on Condominiums and Housing Cooperatives, defining the criteria of application (broken down for topics, phrasing a recommendation)

### ***Legislation and the Representation of Interests***

Ensuring participation in the preparatory work for new legislation

Preparing proposals for legislation and regulations

Representing professional interests in the area of regulations and enforcement

Cooperation with the service enterprises operating in the areas related to the profession

Cooperation with state administration organs and setting up a system of monitoring the application

Preparing proposals for application

### ***Cooperation with Hungarian Organizations***

Creating an action plan for the performance of functions and cooperation in the representation of interests

Holding functions jointly

### ***International Relations***

Integration with organizations in the European Union

Cooperation with international property management associations, exchange of experience

## **MEDIUM-TERM ACTION PLAN**

### **1998**

Legal and administrative tasks concerning the court registration of the Association

Deadline: 01 January - 31 March 1998

Responsible: the Presidium

Central allocation

15,000 HUF

Property management 1998 conference

Deadline: 22 January 1998

Responsible: a preparatory committee

Costs

HUF

928,625

Revenues

535,000

Assistance

396,830

Preparing a medium-term action plan and drafting the budget

Deadline: 20 March 1998

Responsible: a preparatory committee

Annual general meeting

Deadline: 31 March 1998

Responsible: the Presidium and the Supervisory Committee

Central allocation

43,000 HUF

Interpreting portions of the new law on condominiums (for members)

Deadline: 20 April 1998

Responsible: the Presidium

Preparing modifying proposals for the draft legislation of professional training on the system of requirements in property management

Deadline: 20 April 1998

Responsible: The member of the Presidium responsible for training

Preparing a sample by-law related to the Law on Condominiums and having a discussion (forum) involving legal experts (for members)

Deadline: 15 May 1998

Responsible: an appointed preparatory committee

Central allocation

19,800 HUF

Publishing a newsletter (3 issues planned for 1998)

Deadline: May 1998

Responsible: an appointed committee and the Presidium

	Per Issue (HUF)	1998 Total (HUF)
Typing, editing, cutting, preparation for the press, mailing costs	20,000	60,000
Printing costs (100 copies), two-color prints	12,000	36,000
Advertising revenues	12,000	36,000
Assistance	20,000	60,000

Publishing the newsletter is intended to break even or be profitable from 1999 onwards.

Editing and updating the website (adding on the newsletter)

Deadline: 31 March 1998

Responsible: the Editorial Committee

	HUF
Central allocation (internet services)	8,000/month
Web preparation + updating	0

Preparing and approving the training plan on the basis of the legislation on professional training.

Deadline: 30 September 1998

Responsible: the member of the Presidium responsible for training

Starting two courses on property management (approx. 25 participants in each)

Deadline: 25 October and 25 November 1998

Responsible: the member of the Presidium responsible for training

*Caretakers' training project (85 participants)*

	HUF
Renting the room + audio equipment + lunch	156,000
Preparation + teaching material + speakers + copying + administrative costs + mailing costs	172,000
Revenues	467,000

*Property managers' training project (25 participants)*

	HUF
Renting the room + audio equipment + lunch	126,000
Preparation + teaching material + speakers + copying + administrative costs + mailing costs	287,000
Revenues (members at half price)	140,000
Assistance	273,000

The experience gained in 1998 on the problems concerning the application of the new law on condominiums, revising the jobs to do in 1999 (for members)

Deadline: 20 November 1999

Responsible: an appointed preparatory committee

Central allocation	21,000 HUF
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**1999****Property management 1999 conference**

Deadline: 31 January 1999

Responsible: an appointed preparatory committee

	HUF
Room + meal + coffee, refreshments	620,000
Preparation + copying + speakers + mailing costs + honorariums for the studies + press contact + advertising	580,000
Revenues (members at half price) + sponsor	810,000
Assistance	390,000

**Annual general meeting**

Deadline: 25 February 1999

Responsible: The Presidium and the Supervisory Committee

Central allocation	41,000 HUF
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**USAID property management conference**

Deadline: 20 March 1999

Responsible: USAID preparatory committee, MRI

Special project	MRI
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**Preparing and introducing a professional system of qualifications by the Association**

Deadline: 31 March 1999

Responsible: member of the Presidium responsible for training

	HUF
Preparing training material (conforming to ISO 9002)	350,000
Assistance	350,000

**Starting property management courses on a continuous basis (2-3 per year) and examinations in conformity with the qualification of the Association for those who have completed the course (20 participants per group on average)**

Deadline: continuous from 31 March 1999 on

Responsible: member of the Presidium responsible for training

	Group 1 (HUF)	Group 2 (HUF)	Group 3 (HUF)
Room + audio + meal	115,000	115,000	115,000
Preparation, speakers, copying, mailing costs, administrative costs	95,000	95,000	95,000
Preparation of training material	170,000	0	0

Assistance	250,000	115,000	0
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Modifying proposals for the draft in relation to the preparatory work on the new law on housing cooperatives

Deadline: 15 April 1999 (depending on the preparatory work on the law)

Responsible: an appointed preparatory committee

Organizing study trips (to a member of the EU)

Deadline: 30 May 1999

Responsible: head of the office

*5-day trip to Finland (Helsinki), min. 12 participants*

	HUF
Travel + accommodation	88,000/month
Meals 3 times a day	50,000/month
Local transport (minibus)	12,000/month
Assistance	60,000/month

## 2000

Property management 2000 conference

Deadline: 31 January 2000

Responsible: a preparatory committee

	HUF
Room + meal + coffee, refreshments	740,000
Preparation + copying + speakers + mailing costs + honorariums for the studies + press contact + advertising	660,000
Revenues (members at half price) + sponsor	1,540,000
Assistance	0

Annual general meeting

Deadline: 28 February 2000

Responsible: the Presidium and the Supervisory Committee

Central allocation	48,000 HUF
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Starting courses on a continuous basis (2-3 per year) and examinations in conformity with the qualification of the Association for those who have completed the course

Deadline: continuous, from 31 March 1999 on

Responsible: member of the Presidium responsible for training

	Group 1 (HUF)	Group 2 (HUF)	Group 3 (HUF)
Room + audio + meal	129,000	129,000	129,000
Preparation, speakers, copying, mailing costs, administrative costs	110,000	110,000	110,000
Preparation of training material	25,000	0	0
Assistance	325,000	325,000	325,000

Discussion (forum) on the problems experienced through the application of the new law on housing cooperatives (for members)

Deadline: 15 May 2000

Responsible: an appointed preparatory committee

Central allocation

38,000 HUF

Starting courses, examinations for those who have completed the course according to the qualification of the Association (20 participants/group on average)

Deadline: 30 May 2000

Responsible: member of the Presidium responsible for training

	Group 1 (HUF)	Group 2 (HUF)	Group 3 (HUF)
Room + audio equipment	49,000	49,000	49,000
Preparation, examiners, copying, mailing costs, Administrative costs	45,000	45,000	45,000
Preparation of exam materials	45,000	0	0
Revenues	200,000	200,000	200,000

## FINANCIAL PLAN, 1998-2000

### Sources

When planning the sources, we considered the following aspects:

Continuous growth of membership

Increase in the spectrum and the volume of services for members and non-members

Assistance and revenues from sponsors

Changes through time in the structure of resources:

In the first period payments by the members and assistance provide most of the resources

As the scope of services widens, there will be various sources of business type revenues

Assistance decreases and will have to be replaced by revenues from sponsors

## **Costs**

The budget of the Association follows an “organic” model of development in conformity with the goals to be achieved and the tasks to be performed. In the first period, the members help the Association with their own resources—administrative staff, communication and office systems and rooms—there are no personal payments, the administrative costs are accounted for by one of the members.

Independent infrastructure has to be created in the first year relying on the extra revenues from the new services to be started as new members are recruited successfully—while drawing on assistance as well—because infrastructure is the objective condition of growth.

When determining the membership fee, we considered the following factors:

The membership fee must contain a certain amount of professional liability insurance. Certain services, the so-called basic services, are free of charge for the members (information leaflets, newsletter, participation in members’ meetings, etc.). Certain services are provided for the members at a discounted price—usually at 50 percent.

We planned the central operational costs of the organization to be covered by membership fee payments together with the initial assistance, so membership fee payments are mainly used to pay the operational costs of the Association, while other expenses are covered by other revenues or payments by sponsors.

As a conclusion, we can say that the business plan enclosed has been prepared in view of the present circumstances and a realistic growth pattern. Depending on the amount of the assistance, the performance of the tasks can be either accelerated or postponed. In the latter case the implementation of the goals may be in danger. Besides the financial assistance, we also rely on the active and extremely helpful intellectual and technical assistance of USAID.

Budapest, 21 November 1998  
The Presidium



**FINANCIAL PLAN, 04-12-98*****The Operational Costs of the Association Headquarters of TIVOSZ*****Membership: 28**

	Monthly Expenses	HUF Yearly Expenses	Yearly Subsidy
<b>EXPENSES</b>			
<b>OFFICE COSTS</b>			
Use of office and technical equipment	20,000	180,000	180,000
Wages of employee (gross, officially documented)	40,000	360,000	180,000
Office equipment (paper, pens, binders, etc.)	3,000	27,000	
Telephone costs	26,000	234,000	
Official forms, copying, books	15,000	135,000	60,000
Mailing costs	2,000	18,000	
Internet connection + website	8,000	72,000	
<b>THE COSTS OF FOUNDATION</b>			
Official forms, copying, etc.	1,667	15,000	
<b>ACCOUNTING</b>			
Accounting, social security, taxation affairs			
Preparing the balance sheets	5,000	45,000	
<b>OTHER COSTS</b>			
Travel expenses	10,000	90,000	
Rent of rooms	5,556	50,000	20,000
Costs of representation	5,556	50,000	
<b>Total</b>	<b>141,778</b>	<b>1,278,000</b>	<b>440,000</b>
<hr/>			
<b>REVENUES</b>			
Membership fees	93,333	840,000	
Assistance		440,000	
<b>Total</b>	<b>93,333</b>	<b>1,280,000</b>	

*We did not include payments by sponsors as they will be considered when planning the individual projects and the remainder will go to the reserve fund of the Association.*

## FINANCIAL PLAN, 01-12-99

### ***The Operational Costs of the Association Headquarters of TIVOSZ*** **Membership: 46**

	Monthly Expenses	HUF Yearly Expenses	Yearly Subsidy
<b>EXPENSES</b>			
<b>OFFICE COSTS</b>			
Use of office and technical equipment	23,000	276,000	200,000
Wages of employee (gross, officially documented)	50,000	600,000	300,000
Office equipment (paper, pens, binders, etc.)	5,000	60,000	
Telephone costs	35,000	420,000	
Official forms, copying, books	20,000	240,000	100,000
Mailing costs	4,500	54,000	
Internet connection + website	8,000	96,000	
<b>ACCOUNTING</b>			
Accounting, social security , taxation affairs			
Preparing the balance sheets	6,000	72,000	
<b>OTHER COSTS</b>			
Travel expenses	10,000	120,000	
Rent of rooms	6,250	75,000	35,000
Costs of representation	6,250	75,000	
<b>Total</b>	<b>174,000</b>	<b>2,088,000</b>	<b>635,000</b>

### **REVENUES**

Membership fees	115,000	1,380,000
Associate members' payments	6,250	75,000
Assistance	52,917	635,000
<b>Total</b>	<b>174,167</b>	<b>2,090,000</b>

*We did not include payments by sponsors as they will be considered when planning the individual projects and the remainder will go to the reserve fund of the Association.*

**FINANCIAL PLAN, 01-12-2000*****The Operational Costs of the Association Headquarters of TIVOSZ*****Membership: 64**

	Monthly Expenses	HUF Yearly Expenses	Yearly Subsidy
<b>EXPENSES</b>			
<b>OFFICE COSTS</b>			
Use of office and technical equipment	45,000	540,000	100,000
Wages of employee (gross, officially documented)	65,000	780,000	100,000
Office equipment (paper, pens, binders, etc.)	7,000	84,000	
Telephone costs	50,000	600,000	
Official forms, copying, books	24,000	288,000	100,000
Mailing costs	4,500	54,000	
Internet connection + website	8,000	96,000	
<b>ACCOUNTING</b>			
Accounting, social security , taxation affairs			
Preparing the balance sheets	7,000	84,000	
<b>OTHER COSTS</b>			
Travel expenses	15,000	180,000	
Rent of rooms	8,333	100,000	36,000
Costs of representation	8,333	100,000	
<b>Total</b>	<b>242,467</b>	<b>2,906,000</b>	<b>336,000</b>
<hr/>			
<b>REVENUES</b>			
Membership fees	186,667	2,240,000	
Associate members' payments	27,500	330,000	
Assistance	28,000	336,000	
<b>Total</b>	<b>242,167</b>	<b>2,906,000</b>	

*We did not include payments by sponsors as they will be considered when planning the individual projects and the remainder will go to the reserve fund of the Association.*

## FINANCIAL PLAN, 1998-2000

### *The Operational Costs of the Association Headquarters of TIVOSZ*

	1998	HUF 1999	2000
<b>EXPENSES</b>			
Office Costs	1,026,000	1,746,000	2,442,000
Costs of Foundation	15,000	0	-
Accounting	45,000	72,000	84,000
Other Costs	190,000	270,000	380,000
<i>Total</i>	<i>1,276,000</i>	<i>2,088,000</i>	<i>2,808,000</i>
<b>REVENUES</b>			
<i>Total</i>	<i>1,280,000</i>	<i>2,090,000</i>	<i>2,906,000</i>
Membership	28	46	64
Assistance	440,000	635,000	336,000

## FINANCIAL PLAN, 1998-2000

Projects	Total costs	HUF Assistance
<b>1998</b>		
Property management 1998 conference	928,625	396,830
The publication of the newsletter	132,000	60,000
Property managers' training	413,000	273,000
<i>Total</i>	<i>1,473,625</i>	<i>729,830</i>
<b>1999</b>		
Property management 1999 conference	1,200,000	390,000
Professional system of qualifications (ISO 9002)	350,000	350,000
Property management courses (3 groups)	800,000	365,000
Study trip (Helsinki)	1,800,000	720,000
<i>Total</i>	<i>4,150,000</i>	<i>1,850,000</i>

**2000***We claim no assistance***TOTAL REQUESTS FOR ASSISTANCE, 1998-2000**

	<b>1998</b>	<i>HUF</i> <b>1999</b>	<b>2000</b>
The central budget of the Association	440,000	635,000	336,000
Projects	729,830	1,825,000	—
Total	1,171,828	2,461,999	336,000
Grand total	3,971,827		



# **THE NATIONAL PROFESSIONAL ASSOCIATION OF CONDOMINIUM AND PROPERTY MANAGEMENT ENTERPRISES (TIVOSZ)**

## **ARTICLES OF ASSOCIATION**

The National Professional Association of Condominium and Property Management Enterprises (hereafter: TIVOSZ) is an independent, democratic, public organization based on the principle of self-government, and having a legal person status, facilitating the professional qualification, organizational efficiency and representing the interests of condominiums, housing cooperatives and private companies managing other types of property as their regular business activity (hereafter: property managers). TIVOSZ operates independently of political parties and supports no candidates for membership in the parliament.

### **I. THE NAME, SEAT, OPERATIONAL AREA AND LEGAL STATUS OF TIVOSZ**

The name of the association: National Professional Association of Condominium and Property Management Enterprises

Short form: TIVOSZ

Seat: 1173 Budapest, Bujákhida u. 4

Operational area: Hungary

The stipulations of the No. II/1989 Law apply for its foundation

### **II. THE AIMS AND TASKS OF TIVOSZ**

The aims of the Association:

Establishing the social prestige of the trade.

Ensuring the professional qualification of the members.

Maintaining relations with the organs of the central and local governments and the state administration at different levels and with other related organizations.

Organizing international relations and participation in the standard European regulations in conformity with EU membership.

Representing the interests of the members of the association.

The tasks of the Association

Organizing professional training, setting up and operating the system of qualifications.

Having property management registered as a trade in the official register of professions and trades. Taking part in creating the basic rules for property management as a trade.

Preparing the ethical code of property management, ensuring that the members keep the ethical code and facilitating its acceptance in wider professional circles.

Gathering general and specific professional information—statistics, public surveys, central and local regulations, state administration procedures—the interpretation of these and making them accessible for the members.

Calling for regulations and local decrees concerning members, taking part in their preparation and facilitating their right application.

Giving professional advice on issues concerning members, organizing exchanges of experience, helping to find experts and legal representatives on request.

Cooperating with other professional bodies and interest representing organizations for the common interests of property management.

Forming a system of professional guarantees concerning the activity of the members.

In order to achieve its goals and to ensure favorable financial conditions TIVOSZ uses its own assets independently and can also be engaged in business activities.

Strengthening the private owners' view and attitude by making the rights and responsibilities widely known, with special regard to the special legal status of condominiums and housing cooperatives.

Using and adapting the experience of international partner associations to Hungarian conditions. Taking part in the process of harmonizing the law concerning property managers with European standards.

Protecting and representing the interests of the members in economic, professional, infrastructural, financial and housing policy issues, making a stand against decrees or measures infringing or endangering their interests.



### **III. MEMBERSHIP**

#### The origin of membership

Every individual or joint enterprise or housing cooperative registered in Hungary can be a regular member of the Association, if it accepts the articles of association, the ethical code; applies for admission as a member of the Association on its own initiative; and pays an admission membership fee, the regular and the special membership fee contributing to the operational costs of the Association.

Any natural or legal person can be a supporting member if they accept the objectives, the articles of association and the ethical code of the Association and contribute voluntarily to the operational costs.

The Board decides on the admission of new members and is obliged to notify the general meeting.

#### The rights of members

Members can take part in the work of the Association directly or indirectly, contribute actively to the implementation of the tasks and objectives of TIVOSZ, exercise their rights personally or through a representative with consultation or voting rights and make proposals for the election of officials.

Members are eligible to be elected officials—members of the Board or the Supervisory Board—in the Association.

Members can ask the Board or the Supervisory Board for information about the issues concerning the operation of the Association and inform these bodies about the faults or deficiencies they noticed.

The members can have access to all the services of the Association according to the rules laid down by the General Meeting.

The members can demand an extraordinary general meeting according to the regulations of the law and the articles of association.

#### The responsibilities of members

Representing the objectives, tasks and concepts of TIVOSZ.

Keeping the Articles of Association and the decrees of the self-governing bodies of the Association.

Taking part in the meetings for the members of the Association regularly and in meetings with the public on the request of the Board and in other meetings organized by the Association.

Helping the successful activity of the Association through personal contributions in all possible ways.

#### The termination of membership

Membership is terminated in the following cases:

If the member (natural person) dies.

If the member (legal person) is dissolved with no legal successor. In this case membership is terminated on the day the company is dissolved.

If the member leaves the Association. The members have to notify the Board about their intention to leave the Association at least one month in advance in writing. Membership is terminated after lawful notification and its acknowledgment.

If the member is excluded. The Board can exclude members from the Association if they can be charged with:

Acting in a way seriously damaging endangering the interests of the Association.

Failing to meet their payment obligations originated in their membership even after receiving a notice to pay.

Engaging in activities which are in contradiction with the objectives and the tasks of the Association and the content of the Articles of Association and the Ethical Code.

The member or its representative must be invited to the meeting of the Board where exclusions are discussed. A resolution must be brought on the exclusion and the member concerned must be notified in writing about it. The member can appeal to the General Meeting against the resolution within 30 days of receiving it.

The member cannot be excluded if it has applied for a respite from paying the membership fee—in regard to its financial difficulties—and the Board has granted it and the member has fulfilled its obligations to pay before the respite has expired.

If TIVOSZ ceases to exist without a legal successor.

The Board is obliged to notify the General Meeting about the members who have joined and have been excluded in its annual report. If membership is terminated—in any of the above ways—the former member has no right to be reimbursed for any payment it has made to the Association.

The Board is obliged to keep a record of the members, showing their names, address, and seat.

#### **IV. THE SELF-GOVERNING REGULATIONS AND PERMANENT REGULATORY BODIES OF TIVOSZ AND THEIR OPERATION**

The general meeting of the Association prescribed the creation of a Bylaw besides the Articles of Association. The Board referred the right to create the Bylaw to the general meeting. The Board is obliged to send the Bylaw it has created to all the members for acknowledgment.

The permanent self-governing organs of the Association:

- The General Meeting
- The Board
- The Supervisory Board

The General Meeting

The supreme organ of the Association is the General Meeting of ordinary members, which must be convened by the Board at least once a year. The General Meeting approves the report on the previous year and on the budget for the given year until 15 March each year.

The scope of reference of the General Meeting includes all issues referred to the General Meeting by the law.

Each ordinary member of the General Meeting has a right to vote in proportion with the membership fee, which it can exercise personally or through a representative.

Supporting members can take part in the General Meeting with a right of consultation.

The General Meeting is convened by the Board. The invitation to the General Meeting has to be sent to each member at least 15 days before the meeting by registered mail. The invitation must contain the time and the place of the general meeting and the agenda. The invitation is signed—on behalf of the Board—by the president. The written proposals must be sent to the members at the same time as the invitation.

The General Meeting must also be convened if:

The Association loses 30 percent of its assets.

One-third of the members—considering the proportion of voting rights—call for it in writing, stating the reason and the purpose as well.

The Supervisory Board calls for it in writing, stating the reason and the purpose as well.

The General Meeting has a quorum if more than half of the members—considering the proportion of voting rights—are present. If the General Meeting does not have a quorum because of the small numbers present, the General Meeting is convened again within 30 days and with the same agenda and has a quorum independently of the number of the members present.

The General Meeting brings its resolutions by simple majority—considering the proportion of voting rights—and through open voting, except for the resolutions on the dissolution, division and the merger of the Association with other associations, when a two-third majority—considering the proportion of voting rights—is required. If there is a tie vote, the vote of the president of the Association is decisive. The officials of the Association are elected through secret voting. The rules of the election are defined by the Bylaw, except for the founding general meeting, where the General Meeting defines the rules for the election of the first officials.

The resolutions of the General Meeting must be announced in the way defined by the Bylaw.

The General Meeting has a right to decide on any issue concerning the Association.



The General Assembly has an exclusive right to:

- Formulate and amend the Articles of Association.
- Decide on the work schedule for the year.
- Approve the yearly budget of the Association and its performance.
- Found an organization and decide on participation in a business company.
- Determine the membership fee.
- Announce that the Association has joined another public organization as its member, has merged with another public organization, has been dissolved or has been divided.
- Elect, relieve or recall the officials of the Association through secret voting .
- Determine the honorariums.
- Decide on issues which have a significant impact on the assets and the financial management and are not included in the yearly budget.
- Demand a report from the Board and the Supervisory Board.

#### The Board

The general meeting of the Association elects a board consisting of 5 members—for 3 years—through secret voting. The president and the vice-president of the Association are also elected by the general meeting from the members of the board through secret voting.

The Board is the executive management body of the Association consisting of a president, a vice-president and three other members.

The president of the Association is the president of the Board at the same time.

The Board—within the framework determined by the Articles of Association and the Bylaw and according to the resolutions of the General Meeting—organizes and manages the operation of the Association.

It makes decisions and steps in all matters pertaining to the operation and financial management of the Association which are not referred to the authority of the General Meeting by the law, the regulation or the Articles of Association and it makes sure that the work schedule is implemented.

The following belong to the authority of the Board:

- Convening, preparing and conducting the general meeting.
- Preparing the agenda of the general meeting.
- Approving the Bylaw.
- Deciding on the number of the employees or their terms of reference and their salary.
- Approving the yearly plan for meetings.
- Deciding on applications for membership.
- Deciding on exclusions.
- Taking action about the members who fail to pay their membership fee.

The board has a meeting at least twice a year. An extraordinary meeting of the Board must be convened if one-third of the members of the Association or three members of the Board or the Supervisory Board request it in writing, stating the reason and the purpose as well.

The Board is convened by the vice-president if the president is hindered in doing so.

The Board has a quorum if more than 50 percent of the members are present.

The Board brings its resolution by a simple majority through open voting. If there is a tie vote, the vote of the president or, in his absence, the vice-president, is decisive.

The Board reports to the General Meeting once a year on the operation of TIVOSZ and its own activity and submits the profit and loss account of the Association and the budget for the following year to the General Meeting.

The president of the Supervisory Board or a delegated member of it must be invited to the meetings of the Board with a right of consultation.

The Board can create an ad hoc committee from its members or from outside experts to prepare and perform certain tasks of the Association and decides on its function, working order and terms of reference.

The detailed rules of the operations of the Board are determined by the Articles of Association and the Bylaw.

## The Supervisory Board

The General Meeting elects a supervisory board with three members for three years for the continuous supervision of all the activities of TIVOSZ.

The Supervisory Board consists of a president and two members. The president is elected by the members themselves.

The Supervisory Board has a meeting at least twice a year.

The Supervisory Board is convened by its president.

The Supervisory Board has a quorum if two-third of the members are present.

The Supervisory Board brings its resolutions by a simple majority through open voting.

The Supervisory Board supervises all the activities of TIVOSZ, the operation of its organs and its financial management. Through this, the Supervisory Board has a right to examine any matter and can ask the Board or the employees for information at any time and can have access to any document of the Association. Providing information is mandatory. The Supervisory Board can ask outside organizations for information and figures about issues concerning the Association.

The Supervisory Board prepares minutes of its examinations and statements and sends them to the Board and submits them to the General Meeting, if necessary. During the examination a proposal must be made for the way the deficiencies could be redressed.

The Supervisory Board is accountable to the General Meeting and has to report to it.

The corporate organs of the Association must discuss and take a stand on matters submitted to them by the Supervisory Board.

The Supervisory Board can make use of the work of outside expert if necessary, the costs of which must be paid from the budget of the Association.

The Supervisory Board defines the detailed regulations of its own operation in keeping with the Articles of Association and the Bylaw and they constitute a separate appendix in the Bylaw.

## **V. THE OFFICIALS AND THE REPRESENTATION OF THE ASSOCIATION**



## The officials

The officials of the Association must be Hungarian citizens who are not enjoined from exercising their rights in public matters and must be ordinary members of the Association either personally or through the enterprise they own.

The officials must not fall under the criteria on incompatibility stipulated in 685. §. section (b) of the Civil Code.

The officials lose their office if they are recalled by the organ which elected them, if they die or if their ordinary membership is terminated.

## The officials of the Association:

President  
Vice-president  
Board members  
President of the Supervisory Board  
Members of the Supervisory Board

The General Meeting can grant a honorarium for the president, the vice-president and the president of the Supervisory Board, in accordance with the work and responsibility.

The officials in this capacity are liable for the damage they may cause to the Association according to the Civil Code.

The legal representative of the Association is the president or if he is hindered from performing this role, the vice-president or the member(s) of the Board delegated by the Board are entitled for representation.

The tasks of the president are first of all:

to direct the activity and the financial management of the Association—within the framework provided by the law, the regulations, the Articles of Association and the current internal regulations—according to the resolutions of the Board and is personally responsible in this matter.  
to report regularly about his activity to the Board.

The powers, the terms of reference and the tasks of the officials are contained in—besides the Articles of Association—the Bylaw in more detail.

The president or the vice-president in the first place and one of the members of the Board appointed by a resolution of the Board in the second place are entitled to have access to the accounts in the bank jointly, on the basis of signature rights recorded in the bank.

## **VI. THE FINANCIAL MANAGEMENT OF THE ASSOCIATION, INCLUDING MEMBERSHIP FEES**

The Association operates on the basis of a yearly budget, which is approved by the general meeting, on the basis of a statement by the Supervisory Board.

The report on the yearly financial management is approved by the general meeting, on the basis of a statement by the Supervisory Board.

The fiscal year in the same as the calendar day.

The Associations is liable for its debts with its assets. The members are not liable for the debts of the Association beyond the membership fee.

The assets of the Association cannot be divided.

If the Association is dissolved with no legal successor, its assets must be divided among those who are members at the time of the dissolution, in proportion with their payments for the membership fee according to the balance sheet of the previous year.

The sources of income of the Association: admission membership fee, regular membership fee, extraordinary membership fee, other income.

The membership fee is mandatory for those who belong to the Association, its amount is determined by the General Meeting.

## **VII. CLAUSE**

These Articles of Association as a complete unit, have been accepted by the General Meeting of the National Professional Association of Condominium and Property Management

Enterprises through its resolutions No. I/98

Members of the Association can appeal against an adverse resolution to the authority defined in the Bylaw, which will bring a final decision on the matter. Members of the Association can go to law against an unlawful resolution of the Association not later than 30 days after they were notified about it and within 6 months of the passing of the resolutions. Member are obliged to notify the Supervisory Board of the Association about the injury before taking legal proceedings.

The members of the Association specify the Pest Central District Court as having exclusive jurisdiction in case of legal proceedings against the Association.



# **THE NATIONAL PROFESSIONAL ASSOCIATION OF CONDOMINIUM AND PROPERTY MANAGEMENT ENTERPRISES (TIVOSZ)**

## **CODE OF ETHICS**

The goal of the Association's Code of Ethics is to regulate the expected behavior of its members towards their clients, the other members of the same profession and other players of business life.

### **1. Obligation to be conscientious towards the clients**

The Property Manager always represents the interest of his/her clients conscientiously and never takes part in an activity that may be against the best interest of his/her clients. The Property Manager never represents any personal or business interest, that is in conflict with the interest of his/her client, unless he/she informs the client about this activity.

### **2. Rules for accounting, reporting and managing the client's real estate**

The Property Manager is obliged to prepare a precise financial report or any other registration, reflecting the real status of the real estate. This data should be made available to the clients in a reasonable amount of time.

The Property Manager is obliged to prepare an economic report on his/her clients' real estate from time to time as agreed with the clients or as determined by law.

The Property Manager informs his/her clients on any information in connection with their real estate or in connection with the activity or affairs of the property

Property Manager does the property's maintenance and management managed by him/her with ordinary care and is obliged to make all reasonable efforts to defend it from every foreseeable event or damage. All the information in connection with these events should be transmitted to the clients on every possible way in order to give them the chance to make the appropriate decision to determine the necessary steps or provide the financial conditions of the necessary measures. If the real estate's owners do not make the appropriate decision or the financial coverage of a necessary measure is not provided, the Property Manager is obliged to inform his/her clients of all the foreseeable consequences of the measure on the appropriate way.

### **3. Rules on handling the clients' financial funds**

The Property Manager never puts together his/her own money or his/her enterprise's financial funds with his/her clients' financial funds and never uses the money of one client to the benefit of another client. In the lack of any other agreement his/her clients financial funds

should be held in an agent's bank account or in a financial institution.

The Property Manager is obliged to handle his/her clients' financial funds with the ordinary care and defend against all the foreseeable events and damage.

#### **4. Prohibition of corruption**

The Property Manager is prohibited while managing his/her client's affairs from receiving any benefit, fee, bonus, discount or present either directly or indirectly from any private person, organization, constructor or any other person providing service to his/her client. The ban refers to any advantage in the form of cash or any other form if it may be presumed that the third person providing advantages to the Property Manager is doing so to be judged more favorably by Property Manager.

If a third person in business connection with the Property Manager's clients offers any regular bonus or any other present, customary in business life, that is not judged to be in conflict with the interest of the client, the Property Manager is obliged to apply for approval in writing from his/her client to receive it.

#### **5. Discretion**

The Property Manager is obliged not to inform a third person on any data that is in connection with his/her client's personal or business affairs or any information that may be insulting or harmful for the client without the client's previous approval, except when the Property Manager is obliged to do so by law or regulation.

Obligation of discretion refers to any other person or organization, working on the territory of client's real estate, that does his/her activity in the real estate managed by Property Manager on the basis of a contract or agreement closed with the Property Manager's client.

#### **6. Obligations towards former clients**

Ethical obligations taken in the current Property Manager's Ethical Code should be kept as regards all former clients, except activities that should be done on the basis of a valid property management contract.

It means that Property Manager is obliged to behave with his/her former clients or their representative on the way that fits to his/her profession, whatever the reason for ending the

contract.

As a consequence of this obligation the Property Manager is obliged to provide any information, data or documentation received within or after the period of property management.

## **7. On the content of the property management's contract**

The language of the contract closed by Property Manager and his/her clients should be clear and unambiguous, contain all the special conditions agreed by the partners, especially on the services provided by the Property Manager.

## **8. Rules of association with other members of the profession and ban on unfair competition**

The Property Manager should never make any false, insulting, abusive or condemning remark on the activity of any other Property Manager as a competitor, nor stimulate or assign any other person to do so.

The Property Manager should never make an extreme statement in accordance with his/her own activity nor give false statement on services offered by him/her contrary to the services offered by any other Property Manager.

## **9. Rules on keeping laws and regulations**

The Property Manager always does his/her activity aware of the valid rules, regulations on national or local governmental level according to the goals determined by the National Professional Association of Condominium and Property Management Enterprises, in conformity with the highest ethical and moral standards.

## **10. Rules on equal treatment of clients**

The Property Manager is obliged to provide equal treatment to his/her clients. It means that the Property Manager is obliged not to refuse any client or deny to provide any services because of the race, color, religion, sex, marital status, origin, age or mental or physical deficiency of the client.

The Property Manager should not represent the decision made by the majority on a decision making forum of the clients (e.g., on a general assembly) against minority, if the decision obviously hurts the legitimate interest of the minority. He/she should refuse to

represent the majority if the legal basis of the decision can not be traced back to the referring laws or basic rules accepted earlier by the real estate's owners (e.g., document of establishment) and the basis of the procedure is represented only by the will of the majority. In this case procedure should follow the referring law.



## **11. Judgment of Ethical Offenses**

If the Property Manager trespasses rules determined in ethical Code, his/her offense will be judged on the basis of the Association's organizational and operational regulation, in accordance with this regulation.

## **12. The approval of the Code of Ethics**

Current Ethical Code of National Professional Association of Condominium and Property Manager Enterprises has been approved by statutory meeting held on October 30, 1997.

The acknowledgment and approval of the rules included in Code of Ethics is verified by the signature of the members. The signer takes the responsibility of keeping Code of Ethics of the Association, as well as enforcing it among his/her employees and co-owners.

The signer representing the enterprise takes notice of the fact that if anyone listed above trespasses the Code of Ethics, the consequence of ethical procedure will impose punishment on the whole enterprise, independently on the person, commuting the offense.

Budapest, 1997.

Signature of the founders

**TIVOSZ**  
***Text for Leaflet***

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**TIVOSZ**

TIVOSZ, the National Professional Association of Condominium and Property Management Enterprises, is an independent self-governing public association which is legally constituted.

TIVOSZ provides services to, promotes, and represents the interests of professional property managers. This includes managers of condominiums, housing cooperatives and other private enterprises which managing property.

***Background***

TIVOSZ was formed on 30 October 1997, and established its influence and presence with its first Property Management Conference in January 1998. This conference demonstrated the need for and the importance of TIVOSZ, with more than 170 people participating from throughout the country.

Arising out of this, and other events and discussions, TIVOSZ quickly developed priorities for its work and the development of its services.

***Objectives***

TIVOSZ aims are:

- To enhance the prestige of the property management profession
- To provide professional training and qualifications for its members
- To liaison with central and local government, and other state and related bodies
- To initiate and maintain international connections, particularly in relation to accession to the European Union
- To represent the interests of the members of the Association
- To promote best practice and to promote good legal and regulatory frameworks
- To provide professional information for its members

***Governance***

TIVOSZ is governed by an elected Presidium which is responsible for the strategic development of the organization. The Presidium is made up of members of the Association

and is elected by the general assembly. The general assembly consists of 45 members and is responsible for decision-making. The Presidium refers decisions to the general assembly.

There are other committees which deal with issues of particular concern to property managers, for example the ethical committee.

### ***Membership***

The members of TIVOSZ are professional property managers. The sizes of the organizations vary from less than 1,500 units of property to more than 30,000 units. Many of the properties are condominiums.

### ***Services and Benefits of Membership***

TIVOSZ provides a wide range of services and benefits to its members:

*Professional support* – specialist information and advice concerning legal and other regulations

*Influencing policy makers* – making proposals and commenting on policy initiatives

*Promoting the profession* – enhancing the image of the profession amongst the general public

*Receiving a newsletter* – which has the latest information on issues related to property management such as prices, management, construction, contracting, legislation

*Holding meetings and seminars* – in order to provide professional information and as an opportunity for members to share knowledge and experience

*Training* – developing and holding specialist training courses on issues affecting property managers

*Organizing conferences* – TIVOSZ has held an annual conference on the most important issues affecting property managers

Currently TIVOSZ is developing a system of accreditation in order to develop a system of quality control within the profession and it is also working on a special insurance scheme for members.

### ***Membership Fees***

The membership year runs from 1 January to 31 December, and membership fees are as follows:

if you join in Jan, Feb, Mar	30,000 HUF
if you join in Apr, May, Jun	20,000
if you join in Jul, Aug, Sept	10,000
if you join in Oct, Nov, Dec	5,000

### ***Contact Details***

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### ***Supporters and Partners***

TIVOSZ is supported by USAID.



## **BULLETIN**

### **THE NATIONAL PROFESSIONAL ASSOCIATION OF CONDOMINIUM AND PROPERTY MANAGEMENT ENTERPRISES (TIVOSZ)**

#### ***Inaugural Announcement***

Welcome to our readers in the name of the National Professional Association of Condominium and Property Management Enterprises! We plan to deliver our bulletin regularly to you in the future.

By having chosen the means of “bulletin” as one of the most delicate forms of keeping up regular communication, our Presidential Board has decided to stay in continuous contact with you. We consider the enlargement of contacts and the acceleration of information circulation as our highest purpose and task. We endeavor to deliver news and information, which determine our activity domain and influence significantly our daily lives and general public sentiments.

As an important objective, we look on the transmission and communication of those thoughts and news throughout which our membership can have an insight into the organization’s work. They can assess the efficiency of our work as it is reflected in our achievements implemented. We endeavor to make the National Professional Association of Condominium and Property Management Enterprises an organization which wants to offer help with resolving the daily problems of the condominiums and the real estate enterprises going the farthest possible through publishing in large circle the solutions and achievements experimented and matured by other people. We are striving to make the National Professional Association of Condominium and Property Management Enterprises operate as an enterprise-friendly association, which places a thorough professional grounding in the foreground and promotes the improvement of the circumstances hindering an efficient work implementation with its particular means arsenal. In the jungle of the legal regulations in force, we have committed ourselves to being in the search for the possible solutions, which may contribute to the improvement of work implementation.

If necessary, we will also forward our modifying proposals to the legislative assembly. In the wake of the change of regime—as a consequence of property (price) rearrangement in the society—a lot of flats previously owned by the state went on sale in such a technically deteriorated condition that they cause serious problems to the trustees of the condominiums functioning at the moment. Employing the association’s opportunities, we would like to offer a helpful hand to the trustees of these condominiums.

We would also like to offer a professional alliance not only for the persons participating in the management of the building units, but also for every organization involved into the task of property management, independently of the fact if it is an office building management or a

real estate management with business purposes.

Our association wants to lay the main emphasis upon increasing the professional level. In order to do so, it wants to be one of the pioneers of launching the professional formation and its continuous implementation. It also wants to be actively cooperating with the foundation of headquarters conducting these professional formation trainings and to organize the professional formation courses.

We are looking forward to seeing those real estate trustees who agree with our above-drafted objectives and want to participate in them.

You are kindly asked to read our bulletins.

#### THE PRESIDENTIAL BOARD OF TIVOSZ

#### *IN BRIEF...*

The program "TEK" is available this year for the last time, unless the government of the German Federal Republic extends the payment of the loan. The delegation of the German Federal Chamber of Commerce, which has recently visited our country, has explicitly placed the financing of the large-scale investments in the foreground within the project (railway lines, public highways and roads, industrial establishments). At the function the condominium or the housing cooperative area as a potential user has not been mentioned.

The Municipality of the Capital has again advertised the building renewal tender through which a reimbursable (and a non-reimbursable) subvention worth 30-40 percent of the investment can be won. The condition of winning the subvention, which does not have to be reimbursed, is that that also the local (district) government ensures subvention for the renewal in question. The deadline for delivery is August 14th, 1998. The application conditions are available at the Clients' Service Bureau or they can be viewed on the WEB page of the Association.

Some boards of the provincial public utility works, which operate in the form of business organizations, apply peculiar, unilateral stipulations when binding their service agreements of this year. Let the next case serve as one of the most flagrant example: in one provincial town the board of the local waterworks binds the water supply agreement only if the water supply claimant person ensures mortgage rights upon his/her own property for the water supply company. This and the similar kind of unilateral stipulations can be considered as wild suckers of the market economy in formation, but we must definitely take on them.

The new long-distance heating system decree has been published whose most

essential change is that the buildings—in X percent of a year—must pass over to the settlement according to measurement. In connection with that we note that a decree has also been made for the systems working with central heating.

### ***Consumers Are Also Entitled To Be Given Default Interest***

With its about 180,000 consumers, the Metropolitan Waterworks Joint-Stock Company is going to enter soon into a specific contract of its kind on the supplier's behalf. The agreement will precisely lay down the rights and obligations of both the supplier and the consumer among which the fact, stipulating that also the Metropolitan Waterworks Joint-Stock Company is obligated to pay a default interest in case of overpayment, can be considered as a novelty. (For more detailed information see: Magyar Hirlap, June 2nd, 1998; pg. 5.)

GE-commentary. In accordance with the government decree No.: 38/1998. (April 5th), all water suppliers must enter into the specific contract in written with their consumers not later than May 5th, 1999. As an example of the consummation of the government decree, there exists already water supplier in the country—cf.: the Waterworks of Sopron—which has already sent its contract draft to the consumers.

One of the biggest domestic public utility suppliers, the Metropolitan Waterworks Joint-Stock Company has recently announced that it will be forwarding its offer appertaining to the contract to the consumers in the course of July. The document will be mailed to those consumers who measure the water consumption with a main water meter, pay the bill on the basis of that and had the water supply installed before 1995.

The contract draft will become an official agreement in the case if the consumer sends its back signed to the supplier within the determined deadline. With those who do not agree with the contract draft mailed out, the supplier will initiate individual talks.

In terms of the specific contract coming into force, there will be realized a more precise and better-corresponding settlement to the market circumstances between the involved parties. It is a novelty that not only must the consumer pay interest in case of late payment but also the supplier in certain determined cases, e.g., when overinvoicing.

### ***Gas Is Going To Be Paid On Minimum Charge***

György Hatvani, Director in Chief of the Hungarian Energetics Office, alleges that the newspaper rumors of the increase in gas fee exceeding 20 percent are unjustified.



The prices of cable- and pipe-transmitted energy will have changed since July 1st, 1998. György Hatvani who did not want to make any official statement concerning the degree of the change will forward the proposal of the Hungarian Energetics Office (MEH) to Szabolcs Fazekas, Minister of Industry, this week.

In consequence of the introduction of the energy prices proportional to the expenditure, the degree of financial encumbrance of the various consumer layers must be taken into consideration—said György Hatvani after the session of the Interest Representation Council of Energetics.

By autumn, regarding both the electric current and the gas, the new tariff regulations may be prepared. Their governmental approval and introduction, however, will take some further 3-6 months.

One of the cornerstones of the new tariff system is the introduction of a just and proportionate sharing of the public burdens, because today mostly a cross-financing is enforced in the prices, namely the proceeds loss, originating from the popular tariff under the market price, is encumbered upon the big consumers.

The introduction of the popular minimum charge is already to be taken for granted in the case of gas, whereas as far as the electric current is concerned it will not be encumbered with specific minimum charge according to the plans for the future, as it has not been encumbered so far after all. In the case of the gas, however, there will be three minimum charge categories, depending on the degree of consumption.

The bulk of households are going to be expected to pay the smallest, 100-Ft minimum charge by the next year. Dezső Börcsök, director general of the Metropolitan Electrical Company (Budapest) has recently answered our question saying that the electric current suppliers consider the introduction of minimum charge by all means justified, which would take the prices in the direction of a just and equitable sharing of the public burdens.

Konrad Kreuzer, president of the Bayernwerk Hungária Joint-Stock Company and part-owner in the biggest provincial energy suppliers—the Kögáz Joint-Stock Company, the Titász Joint-Stock Company, the Dédász Joint-Stock Company and the Édász Joint-Stock Company—was insisting on a 2 percent rise in the energy prices, through whose introduction—beside unaltered prices of acquisition—the 8 percent capital-proportionate gain promised by the government could be reached.

### ***The Problems of Smaller Condominiums***

One of the reasons why the condominium law separately regulates the operation of

proprietary communities sharing a six-flat building or smaller than that is that the six-flat condominiums or smaller than those ones are struggling with problems other than the big condominiums.

In the buildings constructed a long time ago there are generally 1-2 flats with larger basic area on the floor and 3-4 smaller—occasionally basement—flats underneath. The basic area of the big flat may as well reach a five-times-bigger area of the small flat. A further problem is that the old-constructed buildings have no bottom cellar, are badly insulated, are leaking, the 70-100-year-old electric wires are crumbling apart, walls are cracking, ceilings are bending and sinking, and the flat roofs are seeping. Experts do not recommend the installation of water meters, because the old water-conduit system may get exploded. If there is a central heating system, some of the lodgers want to become detached from it. The maintenance and repairs expenses are enormous which have to be stood only by a few owners.

There are some condominiums where all the owners are pensioners and only 1-2 persons live in the big flats. The pensioners possessing country-cottages spend the half of the year far away from their flats and they dwell 1-1 day at home just in order to receive the mail or the old-age pension. They may also be ill and stay for months at hospital, or they spend their time abroad or with their children and that is to say that the flat remains locked up during this time.

The small condominiums do not employ common representatives, so the problem arises which of the owners is going to be willing to assume the responsibility for managing the condominiums, since it is difficult to get on without legal and other sorts of qualifications necessary for fulfilling the job. Will the person entrusted with managing the affairs of the condominium be able to acquire the texts of the relative laws and decrees and the copies of the Legal Adviser for Home dealing with the condominiums?; does he/she know where to acquire the technical books?; does he/she know how to handle the money of the condominium legally, how to pass items into the books, how to pay taxes, how to settle accounts and what to do with vouchers?

### ***More Help Is Needed***

According to the Domestic Association of Buyers Purchasing Tenement Dwellings (BÉMOSZ), the small condominiums ought to be given much more help in every respect—in that of renewal credit allowances, legal aid, social allowances, watering allowance, etc.—than the large condominiums managed by experts.

The new condominium law has a little disturbed the functioning of the six-flat condominiums. Actually it is not easy to understand the content worded in the [X] article under § 21, because the text is ambiguous. In the parliamentary debate one of the representatives asked to omit this paragraph, but the representative who had submitted this motion judged that this paragraph must be kept in conformity with the prescription of the old law. But he simply did not think of the fact that the § 1-20 have significantly been modified in the new law and it is § 24. which makes the mortgage encumbrance possibility possible. Someone from the law preparatory committee has declared that no change has been effectuated regarding the six-flat condominiums and they can be functioning in the same way as so far. They can also keep the common representative having already been employed so far.

The § 22-32. of the new law regulate the order of general assembly, about which the § 21. of the new law lays down as follows: "In a condominium where there are at least six flats, the Civil Code's rules, related to the common possession, must be applied instead of the § 21-38."

The Civil Code, however, does not disposes of the regulation of the general assembly, because in a joint property no general assembly has got to be held. Since the Civil Code does not deal with the general assembly, it can not prohibit it either. After all these it is questionable whether in a six-flat condominium where general assemblies are henceforward held, are the prescriptions of the § 22-23. to be observed or not?

According to the explanation of one of the technical books: (1) with the large buildings, when it comes to the validity of votes (unless the law regulates it differently), the proprietary proportion of the ones present must be taken into consideration; whereas, (2) with the six-flat condominiums, in every case the percentile value of the Yes/No-votes must be counted in the percentage of the whole (total) property.

### ***Accounting for the Common Expenditure***

Another serious problem is how to elaborate the principles of the general and proportionate sharing of public burdens and how to lay them down in the organizational and operational rules. It is also a problem who will undertake the preparation of the first draft. Will the rest of the owners take pains to read, to complement, to polish, and to correct it in a creative way?

On the forums expounding the law, one of the experts has made the following statement: the common expenses are destined to maintain, operate and renew the wings of buildings in the common property—as they have been determined and itemized in the articles of association. According to the § 18. in the new law: "The co-owners are encumbered in proportion to their propriety ratio with the expenses of maintenance and renewal of the wing

of buildings, of the equipment and facilities of buildings, of the units with no living purposes, and of the flats and assets in the common property, as well as with the expenditure exceeding the domain of ordinary husbandry, unless the articles of association or the organizational and operational rules dispose differently.” In other words, it is allowed to dispose differently from the proprietary proportion (percentile ratio).

According to the domestic practice, the common expenses are calculated in proportion to square meter, and the amount of monthly payment and contribution will be prescribed accordingly. In general, the gross or useful square meter of the separate property (flat or unit with no living purposes) will be taken as basis. A gross square meter means the whole (total) area in which open balconies as well as open terraces are included, whereas a useful square meter includes only covered areas confined from three sides. The owners are entitled to exert their franchise and they can lay down their decisions in the organizational and operational rules with a 67 percent Yes vote in the proportion to the whole (total) property.

It also causes trouble that certain expenditures have been attached to the common expenses, which were effectuated in the separate property independent of the common one, having emerged from commonly settled water consumption and rubbish removal bills. The water fee had been settled per flat before the establishments of condominiums with a flat-rate tariff after three persons. After the establishments of condominiums, however, the factual consumption fee gets settled upon the condominium in a whole amount, which is about ten times bigger than the previous fee was before. The task of settling the account as well as the righteous distribution of water and sewer fees—on the basis of factual usage—has been assigned to the common representatives. The Waterworks Company can save significant work and expenses thereby.

There are some regions where waterworks associations reward the common representatives for their efforts. This special expenditure must be planned and managed isolated from the rest of expenses and beyond the common expenses, since where besides the condominium’s common water meter an individual (private) water meter gets installed in a particular flat, no water fee has to be paid there besides the common expenses. Because consumption cannot exactly be planned beforehand—e.g., pipe breaking may turn up when a lot of water can get wasted—it is advisable to determine a prepayment on the basis of the actual consumption data, and the prepayment must be accounted for periodically or not later than at the end of the year with full knowledge of the factual data. The water fee must be covered in a just and equitable way.

### ***Bits of Technical Information and Other Novelties***

The Program TEK for supplementary building heat insulation can yet in this business year requested on demand. *The program costs 60,000 Fts. ensuring subvention not to be reimbursed per flat unit!* The winner of the tender may choose executive manager from the national pre-qualifying list.

Only the tenders corresponding to the conditions of the tender application will be evaluated. The list of applicants having successfully competed in a given month can be viewed from the 10th of the following month in the unincorporated branches of the Savings Bank Joint-Stock Company and in those of the savings associations that had joined the program.

The telephone number of the Program TEK Information Bureau: (06-1) 466-96-37

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**TIVOSZ**  
**The National Professional Association of Condominium**  
**and Property Management Enterprises**

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The National Professional Association of Condominium and Property Management Enterprises (henceforward: TIVOSZ) is an independent autonomous, democratic public organization based on the principal of self-government and having a legal person status, facilitating the professional qualification, organizational efficiency and the interest representing activity of condominiums, housing cooperatives and private companies managing other types of property as their regular business activity (henceforward: property managers), which operates independently of political parties and supports no candidates for membership in the parliament.

***The Aims of the Association***

- Establishing the professional and social prestige of the trade.
- Ensuring the professional qualification of the members.
- Keeping relations with the organs of the central governments and the state administration at different levels and with other related organizations.
- Organizing international relations, participation in the standard European regulations in conformity with EU membership.
- Representing the interests of the members of the association.
- Against constituting decrees or appropriate steps.

We are awaiting the application of anyone working in the profession as either an individual or associated entrepreneur who are committed adherents of the true values of the profession, agree with our objectives and want to take part actively in their realization.

We are looking forward to seeing the representatives—as sponsoring members—of the related professions who want to help with resolving the tasks of this complex and

multifarious profession jointly with the property managers.





## BULLETIN

### THE NATIONAL PROFESSIONAL ASSOCIATION OF CONDOMINIUM AND PROPERTY MANAGEMENT ENTERPRISES

**TIVOSZ**  
**2/1998**

#### Housing Finance in Hungary

A conference by this title was organized by *USAID, the Urban Institute and Metropolitan Research Institute* on 11-12 November 1998 in Budapest.

The two day event focused on the experience concerning housing loan products with a government subsidy and with market interest rates. Special emphasis was given to possible options for financing condominium renovations and difficulties in implementation. We will give a detailed report on the event in our next issue.

#### **PROVIDING TRAINING AND QUALIFICATIONS FOR PROPERTY MANAGERS CONTINUES TO BE A TASK OF THE ASSOCIATION**

*Unfortunately the training of property managers is not a priority of the state administration. The deadline set by the new law on condominiums was 30 June 1998. The drafts that have been published so far approach professional training for property managers from the theoretical side.*

*We think that property management is such a complex field that, although theoretical training is of course, it also requires skills and expertise that can only be gained through practice.*

*Another problem is that only a system based on continuous control, which can be adopted from quality assurance systems, is suitable to create a system of professional qualifications. At the same time, the participants of the market require the introduction and the operation of a system of such qualifications.*

*We would like to meet this challenge and by February 1999 to establish a System of Qualified Property Managers by TIVOSZ, introduce it for the membership of Association and among wide professional circles.*

The development of the concept is under way and a draft will be sent to members in January to generate discussions.

### ***The Ethical Committee Had Its Founding Meeting***

The general assembly of TIVOSZ on 2 July 1998 elected the Ethical Committee, which, in turn, elected its chairman and approved the order of procedures at its founding meeting.

Chairman: Gábor Tersánszky  
Members: Miklós Námor  
Andor Schrenck

### ***IN BRIEF ...***

OTP has introduced a new service, which makes it possible for property managers to monitor the condominium current accounts daily and carry out transfers and gather information on the accounts through electronic means if the account was opened in one of the branches of OTP.

OTP *TERMINAL* is recommended for those property managers who manage 80-100 current accounts or more on a continuous basis. We will deal with this service in more detail in our next issue.

The government is to discuss the new *decree on central heating* soon. The old, outdated decree [??] took into consideration the dominance of new ownership relations and the application of the freedom the new law on condominiums bestows on the owners.

The following two are perhaps the most controversial issues in the new draft:

Beside the user of the services, the owner of the unit is also personally liable for debts in the heating costs.

In a property with central heating, any one unit can be detached from the system and create its own heating system if a) there are no technical obstacles in the way of it, and b) if all the owners give their consent to this.

Certain district governments are not able to pay the subsidy allocated for condominiums through the competitive procedures announced for renovations this year. This means that the condominiums will be in an impossible financial—and in certain cases legal—situation owing to the contracts they have made and which have been partly

implemented. Therefore it is important to clarify what rights the condominiums which have been allocated the local government subsidy have. We asked János Pesta, advisor to the Ministry of Justice about it.

We started organizing the conference “*Property Management 1999*” scheduled to be held in January 1999.

## HOUSING CONDITIONS IN HUNGARY

### 1. *An Analysis of the Situation*

According to the administration categories which held true on 1 January 1995, 62.7 percent of the population of Hungary lives in cities. Beside the changes in public administration, this situation is largely due to the migration of the population. Migration, which has seen accelerated by concentrated industrial developments resulted in substantial shortage of housing in the majority of the cities, and the only solution was concentrated housing construction. Through the two 15-year housing construction programs implemented between 1961 and 1990, more than 2 million units were constructed.

Beside quantitative changes, the situation has significantly improved concerning the average number of rooms in the housing stock and the average base area. The proportion of one-room units has significantly decreased while the proportion of units with three and more rooms has risen. In this way the number of rooms per unit increased by nearly 50 percent between 1970 and 1990 (see Table 1).

**Table 1**

<b>Year</b>	<b>1960</b>	<b>1970</b>	<b>1980</b>	<b>1990</b>	<b>199?</b>
Population (in thousands)	9961	10322	10709	10375	1024/
The number of units (in thousands)	2758	3122	3542	3833	397?
Average number of rooms/units	1,5	1,6	2,0	2,4	2.4
Residents per 100 rooms	245	202	152	114	108

The situation, however, varies largely according to different regions: the proportion of occupied units with three and more rooms in Budapest is only 25 percent, while in villages it is 38.5 percent (see Table 2).

Table 2

No. of rooms	1960	1970	1980	1990	Of which		
					Budapest	Other towns	villages
1	62.5	45.7	27.7	17.5	52.2	14.5	16.5
2	32.8	43.8	52.2	50.6	49.7	55.2	44.8
3	4.7	10.4	20.1	32.2	25.0	30.3	38.5

As a result of the development in the housing stock, the indicators have also significantly improved: the number of residents per 100 rooms, which was 245 in 1960, dropped to 108 in the following 35 years. Behind the increase in the average values, we should also note the fact that it was mainly not the large families that built large units but families with fewer members and as a consequence in a better financial condition.

In the early 90s about 22 percent of the occupied units in the country were more crowded than the acceptable level (1.5 persons per room).

Beside the quantitative growth of the housing stock, less attention was paid to provide a suitable size of green area. In 1994 the average size of green area for public use in Hungarian cities was 35.2 square meters per person on average (with such extremes as 13.3 and 76.4 square meters).

As a result of large-scale housing construction, housing estates were created, which brought about a favorable situation for the provision of basic infrastructure in most of the cases, while they also increased the number of residents per square kilometer beyond the acceptable level.

*Industrial housing construction (factories manufacturing prefab elements)* brought with it a lot of new problems in relation to the application of new construction materials, fixtures and new construction technologies. The height of the rooms was continuously decreased in conforming to the size of the prefab elements, with the increasing use of concrete the air permeating capacity of the walls dropped to a minimum and there was increased heat insulation due to the introduction energy saving requirements (especially since the late 80s). All these factors made it possible for pollutants to reach a concentration hazardous to health in prefab blocks very easily.

The new materials used to cover the floor and the walls also contain a lot of pollutants, which are discharged into the air of the rooms. Formaldehyde is especially worth mentioning among them, which can be released from plywood boards, glues and insulation materials based on formaldehyde or phenol-formaldehyde, wallpapers, plastic floor finishing materials,

wall-to-wall carpets, different paints and varnishes.

We do not have enough information gathered in Hungary on the concentration of organic solvents widely used in plastic construction and finishing materials, paints and varnishes.

Units in villages are still mostly *heated* with solid fuel, while in cities gas is used in increasing proportion and district heating as well—especially in housing estates (see Table 3).

**Table 3**

	Hungary Total	Budapest	Other towns	Villages
The number of occupied units in total (in thousands)	3,637	765	1,518	1,354
<b>Type of heating</b>	<i>In percentage of occupied units</i>			
<i>Central heating</i>	42.6	51.8	49.5	29.8
of which:				
District (block) heating	16.9	31.6	24.2	0.4
Individual (boiler) heating of buildings	2.9	5.8	3.4	0.7
Individual heating of units	22.8	14.4	21.9	28.7
<i>Individual heating of rooms</i>	57.4	48.2	50.5	70.2
of which:				
Electric	3.4	5.4	2.5	2.6
Gas	18.1	32.4	22.5	5.0
Oil	4.5	2.6	4.3	5.8
Wood	7.8	1.0	3.6	16.4
Coal	23.4	5.4	17.5	40.3
Other materials	0.2	0.4	0.1	0.4

These changes, which are favorable concerning both the level of comfort and environmental aspects, also have negative consequences. It is a widely known fact that the relative moisture content of district heating units is low, and the heating systems based on one single pipe used in district heating units constructed earlier cannot be adjusted according to the changing needs and demands in each room.

The advantages of gas heating can be best utilized if the combustion products are exhausted through a chimney. Gas convectors located by the wall, which have played an

important part in making gas-heating widespread, however, exhaust combustion products usually under the windows. Multi-story building using these convectors are surrounded by a cloud of pollutants consisting mainly of nitrogen-dioxide and carbon-monoxide, which makes proper ventilation impossible in the heating season. Even in the case of individual convectors operated in buildings with only one floor, there is a danger that a significant part of the combustion products stream back to the units and pollutes the air in them.

Radon is a typical chemical polluting the air in units, and it mainly comes from the ground. In Hungary, the *radon-emission* of the ground is significantly different in different areas. Recently in the village of Mátraderecske, in Heves county, an extremely high level was measured in a few homes. The concentrations are usually a lot lower in buildings with cellars. Construction materials may also discharge radon into the air and the concentration levels are higher along water pipes as well. Increased heat insulation and inadequate ventilation may also result in a high concentration of radon.

Besides the natural radon content of construction materials we should also expect radioactivity from a few additives (ashes from power stations, slag). The radioactive concentration in the ashes coming from the Ajka and Borhida power stations and in the cement made in Beremend are the highest in Hungary.

Among the construction materials, asbestos cement materials are worth mentioning, which are widely used in the forms of flat and corrugated sheets used to cover roofs, flat sheet coverings and pipes used to carry air, smoke, water and sewage. Table 4 shows how well units are equipped in this respect.

**Table 4**

Equipment	In the percentage of occupied units			
	Hungary Total	Budapest	Other towns	Villages
Water pipe	84.5	98.7	89.8	70.6
of which: on the network	79.3	98.4	87.7	58.8
on the gas network	40.9	78.7	50.4	8.7
with gas cylinder	45.8	5.7	25.8	79.7
with water closet	75.3	90.7	83.0	57.9
with a sewage pipe	85.0	98.8	90.3	71.3
of which: public sewage network	44.3	86.9	58.9	3.8

In the 80s the number of cases when mildew appeared—especially in prefab

blocks—increased significantly, which was due to faults in the construction material, in the heat insulation and in the construction itself (heat-transfers) and to the effects of inadequate heating and ventilation.

## **2. Effects on Public Health**

The relations between the buildings and the harmful effects on people's health are usually quite complex.

The *high density of population* in certain quarters of towns, (together with a higher level of traffic, noise and air pollution and the other factors of an environment richer in stimulus) all add to an increase in the frequency of neurosis and certain psychosomatic diseases (high blood-pressure, ulcer). Surveys carried out in Hungary have also highlighted these relationships.

A survey covering more than 2700 units in Zugló, Budapest, the characteristic complaints and symptoms of sick building syndrome are significantly more frequent among people living in prefab blocks than among people living in traditional brick-buildings.

The harmful impacts on the health of people living in prefab locks are due to a higher density of population in them and to the fact that owing to their rigidity and their lay-out they are not able to meet the demands of the residents which are different and varied according to the their social and physiological conditions. A lot of plastic is used in prefab blocks and a considerable amount of formaldehyde is released from it and mites in home dust can find an excellent climate for themselves in wall-to-wall carpets and these both contribute to a higher frequency of allergic and respiratory (asthmatic) diseases compared to units made of traditional construction materials.

Asthmatic diseases are more frequent among people living in units affected with *mildew* than among people who live in units free from mildew.

Some units are so crowded, that as a consequence, respiratory diseases may become more frequent. The social position of people living in crowded units is usually more than the average and the fact that their immune system is weaker may also contribute to the higher frequency of diseases.

Several surveys carried out in Hungary found a relationship between the higher level nitrogen-dioxide pollution in residential units caused by gas convectors and the higher frequency of acute respiratory diseases observable among children.

Radon is a well-known cause of cancer. Based on the estimate published in the Air

Quality Guide of WHO (1987), we can say that annually between 100 and 400 cases of lung cancer are attributable to being exposed to radon and the products of its disintegration. (Estimations according to extrapolations on the average population based on the data from epidemiological surveys carried out among miners of uranium suggest that the frequency can even be ten times higher. The above-mentioned value better approaches the risk of the average exposition of the population if we take into account that the estimates from different countries attribute 5-15 percent of all the deaths caused by lung cancer to exposition to radon and its disintegration products, which seems a realistic estimate considering the 7500 deaths primarily due to bronchial cancer annually and the multiplied effect the extremely high percentage of smokers has together with radon.)

*Asbestos* is also a cause of tumors, asbestosis is frequent among those who are exposed to it at work and besides that it may also cause lung cancer, mesothelioma (pleural and peritoneal tumor). According to the figures of the National Pulmonological Institute the number of new cases of pleural tumor registered annually is about one hundred. This number includes all the primary and metastatic cases of pleura tumors beside mesothelioma.



### **Problems to be solved**

The contradictions and the deficiencies of *regulations* are an essential problem. Although modifications concerning the 1964/III. law on construction is under way but final approval has not been given so far. The National Code of Construction, which was worked out in the spirit of the law, took force on 1 July in 1986 and has been modified several times since then, is also under revision.

As the scope of enterprises has been extended, new buildings, types of buildings and concepts have been created, which have no legislative background so far. At the same time, the compulsory application of guidelines of government patents was abolished, although parts of it have survived in the form of technical guidelines but with no coercive force. Legal harmonization with the EU is under way and it is supposed to replace these patents with new legislation.

The 1991/XX Law on Local Governments makes it possible to issue a local construction code on condition that it cannot go against the rules of the National Code of Construction. In practice, however, there are numerous difficulties in this area.

Among the conditions of industrial housing construction it was not possible to keep the written and unwritten rules of the traditional culture of construction, which had been formed based on the experience gained throughout the countries. The high number of problems caused by these factors required first of all an activity aimed at the fast repair of the damages and less attention was paid to prevention. In this way, we still have only quite little scientifically established experience concerning the regulations necessary to keep in order to prevent the effects that are dangerous to the life of the residents at the construction of residential buildings made of new types of construction materials and structural elements, using a new construction technology and operated in a new way.

In Hungary there is no legislation or regulation in force either concerning chemicals exhausted into the air of residential units or microbiological agents that would require a *qualification based on aspects of health care* as a criteria for the use of construction materials.

There is no regulation for the threshold limit of radioactive concentration either. (In this sense the patent MSZ. no. 62 does not contain any regulations either), Hungarian legislation—as a result of surveys carried out earlier—is confined to two pieces of legislation, the 26/1960 directive of Ministry of the Construction and the 46/1969 statement of the Ministry of Construction and Urban Development.

Section 1 of the former prohibits the use of slags and ashes originated in the area of Ajka, Bányhida and Tatabánya for housing construction. Section 2 of the directive, however, allows the use of these slags and ashes for the construction of well-ventilated warehouses and industrial halls if ÉTI (The Institute of Construction Sciences) gives a positive expert opinion.

The 46/1969 statement of the Ministry of Construction and Urban Development on the use of slag and ashes originated in certain areas confirms section 2 of the 26/1960 directive of the Ministry of Construction and also mentions sanctions in case these regulations are violated.

The inadequate size of *green areas* in cities is a problem partly because the favorable biological effects and the other important functions of the residential environment (recreation, sports and playing facilities) are missing and also because the density of the buildings will be too high, which results in a higher level of traffic and noise and the air will also be more polluted as there will be restricted opportunities for the air to be refreshed.

The air, and in many cases the soil, in several playgrounds in the inner cities where traffic is heavy is so polluted that the playground is unsuitable to perform its basic functions.

In the majority of the cities the conditions for keeping dogs in the residential environment are also missing (e.g., there are no special enclosed areas where dogs can run). This, however, has serious sanitary consequences, especially for small children.

Another sanitary problem is ragweed, which grows undisturbed in neglected public areas and certain parts of housing estates and occupies an increasingly large area and causes serious allergic and respiratory diseases (hay fever, asthma).

### **Programs underway**

According to the number 24. objective of the “Health for Everyone” program of WHO “the towns and villages of the Region must provide a physical and social environment for their residents by 2000 which helps them preserve their health.”

Creating the methodology and the system of professional qualifications of property management [.....???.] as these statements also determine the general framework of the activity of property managers concerning technical and recreational issues.

## **PROPERTY MANAGEMENT 1999 CONFERENCE**

We have our Property Management 1999 conference in the last days of January, in 1999, where the main topics will be the new law on condominiums, foreclosure, renovation of buildings and the financing required for it. *Everyone working in the profession and other interested parties are welcome.*

### **ROYAL INSTITUTION OF CHARTERED SURVEYORS, RICS**

One of the largest and most valuable items among the assets of the state, towns, enterprises and private individuals is the land and the buildings on it all over the world. Property—whether it is an unused field or an international airport—must be managed with knowledge and expertise by professionals whose aim is to increase the value of property and have learnt how to do it.

In England (Britain?) this function is performed by the chartered surveyors, who are all members of the Royal Institution of Chartered Surveyors, which was established in 1868 in London and was awarded the royal charter in 1881.

#### ***The Members of the Institution***

The Royal Institution of Chartered Surveyors has more than 62,000 registered members and 20,000 members taking part in some sort of training. The Institution is one of the largest professional chambers in Britain. Everyone who has received suitable professional training can be a member of the Institution. Membership is not limited to British citizens. Approximately 6,500 chartered surveyors work in more than 100 countries of the world, especially as surveyors and construction economists.

#### ***Training***

Surveyors must take part in an initial training of at least five years. Students first gain the basic theoretical background; they earn a degree in appraisal, property management or economy. After that the graduates have at least two-years' professional practice in projects approved by the Institution and following this they can take the official professional examination of the Institution. Professionals will become chartered surveyors only after this and they will be entitled to use the abbreviations "ARICS" or "FRICS" after their name.

#### ***Professional Branches***

The members of the Legal Institution of Chartered Surveyors are experts marking in property management and appraisal. The main branches of this are the following:

Collecting, processing and managing data on areas either built up or vacant  
Urban planning and landscaping, preparing and implementing development plans  
Appraisal of land, buildings, factories and factory equipment  
Advice on investments in property  
Property management  
Real estate brokers' activity concerning both commercial and residential property  
Maintenance and upkeep of property, assessing the condition of the structures  
Construction economics

### ***Land Surveying***

The professionals specialized in land surveying use automatic equipment and computers to survey land.

Land surveyors prepare and manage the data on the surveying of land and buildings, which serve the purpose of registration and development and they make a decision on debated issues regarding the boundaries of the state and private estates. They prepare designs and maps on different scales, carry out surveys for the disclosing of natural resources, determine the suitable site for buildings and for the disclosing of minerals. Land surveyors prepare the detailed plans for roads, railways and underground lines and they determine the exact location of large-scale projects and they measure the structural deformations of the buildings.

Surveyors specialized in surveying water map water, which covers two-third of the surface of the earth, prepare marine maps and navigation instruments. These professionals determine the location of superstructure used to extract gas and crude oil as well.

### ***Real Estate Advisory Service***

Many chartered surveyors have specialized in planning, development, appraisal, sale and management of property on behalf of the owner of the property, which may be in private, state or even in international ownership. The service can be economic appraisal, feasibility study or forecast, preparation of drafts on the exploitation and utilization of the property, advice on investment, investments and sale according to the requirements of the market, management of residential and agricultural property, appraisals for the owner, the tenant or the investor (e.g., a bank or a mortgage bank, etc.) in order to facilitate the preparation of financial settlements.

If appraisals are prepared for settlements or reporting the costs, they have to conform to the requirements of the Real Estate Appraisal Guide issued by the Royal Institute of Chartered Surveyors. At the same time, the Guide serves as the basis of the “Guide of the International Office of Appraisal and Patents” and the “Guidelines for European Real Estate Appraisers.”

### **Construction**

Chartered surveyors working as expert architects give advice on issues concerning buildings (e.g., restructuring, planning, repairs, etc.). They are qualified to provide services concerning construction technology, legal and construction contracts and costs and about engineering services in relation to constructions. These experts can identify—and repair, if necessary—the faults in construction, repair and extend the buildings and carry out surveys of the structure and the operation. These surveyors are also involved in designing buildings, implementing contracts, checking construction costs and maintaining the buildings. These experts represent the owner in legal disputes and they provide information on the complicated structure of legislation on planning and construction.

The costs of construction are increasing rapidly all over the world, so there is a growing demand for real estate experts working as construction economists. Construction economists manage and check the costs of all types and sizes of construction from the first feasibility study up to the end of the construction when the building is put to use. This work involves estimating construction costs and preparing a budget, giving advice concerning the person of the contractor and the contract made with him, monitoring the progress in construction, remuneration of the contractors at the end of the project and giving expert advice on the maintenance and upkeep of the building for the whole life span of it.

Owing to their expertise gained in the construction industry, real estate experts—who are either architects or construction economists—can be employed as site supervisors responsible for the purchase of construction material, the work-force employed and the coordination of the whole construction project until the successful completion.

Our Association have established contact with the Institution which has its headquarters in London and we are aiming at creating a partnership with it, focusing on training.

### **CONSTRUCTING FLATS IN THE ROOF SPACE (ATTIC CONVERSION)**

Many property managers dream of renovating the building using the sales price of the roof space. That is like killing birds with one stone: the problem of leaks in the roof is solved and a considerable income is gained.

At the same time, many of us are not informed about all the details of this issue. We would like to provide some assistance in connection to it in the following.

### ***What Sort of Lofts Are Suitable?***

People who would like to convert their loft space into living area must first find an answer to the question whether the structure of the roof or the curve of it can be economically transformed.

What sort of structures or curves are suitable for conversion? Only a little reckoning is needed in order to be clear about the most important issues.

### ***The Shapes of the Roofs***

Whether a loft space is suitable for conversion depends among other things on the shape of the roof structure. In order to decide which shape is the most favorable, let us have a look at the drawings.

Gabled roofs (a, c) have the advantage of consisting of two straight gables offering the opportunity to raise the whole roof structure, that is, to enlarge the living area in the loft space considerably by constructing a parapet to support the roof structure. The most serious disadvantage of hipped roofs (b) is the four ridges and the base area enclosed by them, although the height of the living area is still adequate. The ideal angle of the roof structure for conversions is between 35 and 55 degrees.

### ***Construction Permit***

When converting loft spaces not only the regulations of construction technology are to be considered; how they determine the suitable roof structure and the structural parameters of the suitable slope of the roof structure, but the construction supervisory authorities have also a say in it as converting the roof space is regarded as a change requiring a permit.

A suitably qualified engineer or an architect must submit the application for the permit to have the loft space converted. Therefore an architect or in some countries an engineer is required for attic conversions even if it is carried out in the form of self-help.

It is advisable to contact the construction authorities at the first phase of the planning process already. In this way we can avoid having bad construction plans prepared and spare

ourselves a lot of trouble which certain factors can bring about.

We are going to enumerate a few important regulations which, if neglected, can hinder the implementation of the project:

In a room constructed in the roof space in two-third of the base area the inner height of the room must be at least 2.40 meters.

The total area of windows lighting the rooms must be at least as large as one-tenth of the base area.

The stairs leading up to the roof space must be at least 80 centimeters wide in detached or semidetached houses (between two railings on the two sides) and at least 100 centimeters in multi-family buildings.

When converting the loft space the characteristics of the neighborhood must be considered and they should suitably fit into the life of the community sometimes these aspects are also regulated in decrees. In short, the construction permit incorporates all the legal rights of the neighbors.

### ***Roof Space Conversion, Insulation***

Flats constructed in the roof space must be convenient. One of the most important preconditions of comfort is the proper insulation of the rooms to be created in the roof space. The wrong construction-physical order of the layers of the structural elements of construction can cause serious damage which is quite expensive to repair. Basically—or we could say, to make it simple—the roof space must conform to two requirements: it should be able to prevent moist from entering the roof structure either from the inside or the outside and it should provide outlet for moisture, if it should infiltrate, without causing serious damage.

On the inner side of the roof a quite dense steam and air stopper is needed. Moisture infiltrating from the outside is channeled by the so-called vapor outlet underlay covering. In case the roof space is converted in this way, if water should infiltrate, it must be drained off immediately. This usually takes place with the help of two rear ventilating planes. The two rear ventilating planes are located between the side of the roof and the vapor outlet on the one hand and the upper part of the heat insulation on the other. Of course, these rear ventilators operate only if an opening lets air in on the eaves, that is, at the lowest point of the roof and another opening lets air out at the ridge, that is, at the highest point of the roof. All these have to be prepared according to exact rules, which the carpenter must know.

There are three opportunities for insulation in the case of roof space conversions: (1)

between the rafters; (2) on the rafters; and (3) under the rafters.

If the depth of the rafters is not enough to cover the thickness of the necessary layer of insulation without preventing ventilation through the rear planes, insulation can be placed either between the rafters or under them. Insulation is placed most often between the rafters, as it is relatively easy to do so.

If properly placed, insulation must never be broken on the roof surface, neither at the points where it is joined to the wall, nor at the chimney, nor on the roof surface, nor at the roof-plane windows and heat insulation must be suitable even at these points. At the rear ventilating layer between the upper heat insulation and the vapor outlet underlay covering, the insulation material must be at least two centimeters thick. A continuous heat insulation layer is advantageous because it provides insulation under the rafters as well. We are advised to use polystyrene sheets here. The disadvantage is that insulation under the rafters further decreases the space under the roof.

There are several advantages of placing the insulation on the rafters: heat insulation prepared in this way—owing to its structure—is free from heat transfers. Roof structure is within the insulating cover so it is not affected by the weather and the changes in the temperature.

In this way it is also possible to leave the rafters free giving the roof space a rustic appearance, which many people converting their roof space would like to have.

There are several insulating materials available at the market of fiber insulating materials but polystyrene sheets, hand foams and PUR foams, etc., are also suitable. It is important to use insulating materials approved for use in roof spaces by construction authorities.

Attic conversion with a heat insulation, with rafters and with an inner space that is properly covered, makes the roof space suitable for living for a long time. Therefore one should make sure that the wooden parts of the roof space are intact and free from pests damaging the roof structure. Only professionals are able to detect damage in the structure and assess the extent of it. Often carvings have to be done in order to find the routes the pests have chewed. It is advisable to have a professional skilled in work with modern structures involved in the process. In the case of damages of this sort, chemical protection of wood must inevitably be applied, which also has a preventive nature, that is, it prevents future damages as well. Heavily damaged wooden parts, of course, have to be replaced.



### ***Inner Spaces Easily Constructed: Materials and Systems***

Work necessary to be performed in order to convert an empty loft space into a comfortable flat has become a lot easier in the past decades. This is due to the use of materials which are easy to handle, such as gypsum construction sheets and to the structural solutions, such as partition walls with iron columns and the installation of front walls. Practice has proved to be a good master: now it means practically no problem at all to prepare the floor and install different supports for the ceiling. Gypsum construction sheets, materials made of wood and artificial wood, cellular concrete and tiles have proved to be good construction materials. Gypsum construction sheets in the form of gypsum-cardboard or gypsum fiber sheets serve to cover the inner side of the roof and the walls. Their main ingredient, gypsum, regulates the moisture content by absorbing the superfluous moisture from the air of the rooms and sends it back to the air, if necessary. Wood can be used in the same way. As section walls or wall finish it can be used to cover the ceiling and the walls; it is even possible to use it in the form of boards or floor-boards. Inner walls or partitions can also be made of wood planks.

Cellular concrete can be used for partitions and inner walls in the roof space; we can construct a second floor plane, for example in the bathroom or it can be used as a covering (finishing) wall at bathtubs and can even be used for furniture in the kitchen. Stone slabs and tiles are excellent materials. They are hygienic and as they are easy to clean and they can be used not only in the kitchen and bathroom but to cover the floor in the dining room as well. Of course, protective measures should be made to prevent the floor from sinking. However, it is not advisable to use large-size stone slabs on ceiling made of wood. When constructing a bathroom or a toilet, a quite practical solution is to construct the whole wall for fittings with the technique used for front wall fittings. The walls for the fittings must be covered and tiled, the same way as proper walls.

### ***Natural Light in the Roof Space***

What qualities should windows in the attic have in order for the user of the flat to be satisfied? The requirements in ordinary use are obvious: first, there should be enough sunlight but there should also be the opportunity to dim the sunlight on hot sunny days. The windows should also be easy to use and clean. They should provide adequate ventilation and they should be easily installed, while the price, of course, should be acceptable.

### ***Heating and Hot Water Under the Roof***

For whatever purpose we use the roof space, we are always confronted with the problem of heating. How can we make hot water most easily? How can the roof space be heated in the best way? The decision is easy to make if it is possible to join the existing

central heating system of the building. It is also possible that when the building was last renovated or when the heating, water and sewage pipes were installed, they had the possibility of an attic conversion in mind. In this favorable situation planning has to address two problems only: whether the radiators have been installed where they are in the best place according to our plans (for example in the bathroom or in the gym), and the second issue to address is the making of hot water.

It should be considered that even if there is an existing system of central heating, whether it is not better to make hot water not through the central system but directly where it is used. For example, in the kitchen, through an electric boiler.

Joining the existing central heating system of the building is often out of the question. In this case the following problems may arise. How much heat is needed? What sort of fuel is available or which is the best? If we would like hot water in the roof space, we have another question to answer: should we make hot water through a boiler using fuel or through one using electricity? The amount of heat required is easy to estimate with the help of a simple rule based on experience, provided, of course, that the insulation in the roof space conforms to the requirements. If this is the case, the heating requirement for one square meter of living area can be supplied through a capacity of 80-100 W. If this capacity is multiplied by the size of the living area in square meters, we arrive at an approximate value of heating capacity our heating equipment is expected to have. The total heating capacity calculated in this way can help us to find the most ideal source of energy. A smaller heating equipment like this, for example one used to heat an individual unit can be used very flexibly and is very economical. The boiler needed in this case is really small and can be installed without any special difficulties even in the kitchen. Which is better; making hot water separately or combined with the heating? The answer is simple: in a small heating circle it is more economical to combine heating and hot water, while if there is a large system it is advisable to make hot water separately.

These question are usually discussed when talking to prospective buyers, co-owners, architects, builders or the officials of the construction authorities.

Property managers should answer these questions, but they should never forget the original purpose: selling the roof space of the building serves renovation and the accumulation of financial resources.

## **UKRAINIAN PROPERTY MANAGERS IN HUNGARY**

In the second week of January in 1999 a group of 12 Ukrainian property managers comes to Budapest to take part in the property management training course organized jointly by TIVOSZ and MRI.

## **TRAINING FOR CARETAKERS**

Our Association has organized a one-day intensive training session for caretakers on issues of labor safety and the prevention of accidents and fire. The participants will also be given information on the issues of application of regulations risen in connection with the new law on condominiums, directly concerning caretakers (by-laws).

We provide a certificate after the successful completion of the training, conforming to the legal regulations on the compulsory labor safety training of manual workers.

Further training sessions will be held if more applications are received.

The National Professional Association of Condominium and Property Management Enterprises (TIVOSZ) is an independent democratic self-governing public association with a legal entity status, which facilitates the professional qualification, organizational efficiency and interest representing activity of condominiums, housing cooperatives and other private enterprises managing property, (in short, property managers).

**The objectives of the Association:**

- Facilitating the higher social prestige of the profession.
- Providing professional qualifications for the members.
- Liaison with the different levels of government, state administration and local government organs and other related organizations.
- Organizing international connections, participation in the euroconform regulations related to membership in the European Union.
- Representing the interests of the members of the Association.
- ...[??]... against new legislation or new measures.

All individuals and enterprises working in the profession, committed to the real values of the profession, agreeing with our objectives and wishing to participate actively in their implementation are welcome in the Association.

The representatives of related professions who join hands with property managers in addressing the complex and varied range of problems of property management are also welcome as supporting members.

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